

Our share of those markets has declined. Just as important, our exports to the EEC have not followed the trend in EEC imports toward manufactures and processed goods and away from primary materials and commodities. It is here, particularly in sectors of intensive technology, that we shall have to improve greatly.

It has not been easy to assess the fault for our difficulties in this category of exports to the EEC. Access has been a problem for a number of products, including some of interest to Canada. But this problem should not be exaggerated. By and large, the common tariff of the European Community is low. In spite of protective policies in the agricultural sector, the Community remains a large agricultural importer. Other world traders have done very well in this EEC market. Certainly the Americans have with their export of sophisticated manufactures to the EEC, although they have been helped by their massive investment in Western Europe. Much of the difficulty probably lies with our industrial structures and trading habits themselves. We can't sell too well what we don't make, obviously. For this reason, we are thinking about our general policies toward the EEC very much in terms of policies on which we are working in other areas: energy policy, investment policy, industrial policy generally - including policy on secondary industry and policy on research and development - and other related policy studies. Our success in realizing our own potential could well be related to some extent to the EEC's success in doing the same thing. We should develop a degree of interest in this expanding but difficult market in keeping with its potential and with what we are doing, say, in the United States market.

We can also find a basis for understanding with the Europeans in the fact that we share some of the same problems. Many of you will have read the book by Jean-Jacques Servan Schrieber of a few years ago which has by now become something of a classic, Le Défi Américain: The American Challenge. You will recall that Le Défi Américain documents the difficulties the Europeans have had in building big enough companies in technologically sophisticated fields - to generate sufficient capital - to finance sufficient research and development - to permit the innovation in technology - to make these companies competitive. Meanwhile, European firms have shown a tendency to sell out more often to American multinationals than to a European competitor. Put in these terms, the Europeans have a problem with which we have had some experience.

Common problems don't necessarily make partnerships. We would all, I'm sure, prefer to choose our bedfellows on some basis other than misery. Moreover, I think that both the EEC - which has wrought an economic miracle - and Canada - which last year led the world in growth in industrial production - are buoyant in terms of economic expansion. But there are problems. To the extent these are common to both the EEC and to Canada, we can help each other to develop solutions to our mutual benefit. This is the basis for partnership and this is the time to make the effort required.